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September 25, 2002

BY HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Compliance Filing Concerning Proposal to Establish GridFlorida
As a Regional Transmission Organization; Docket No. 020233-EI

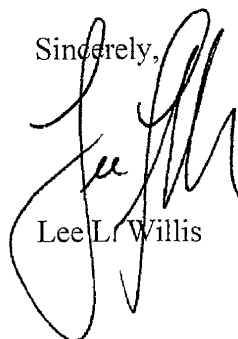
Dear Ms. Bayo:

Enclosed for filing in the above referenced are the original and fifteen (15) copies of Response to Motions for Reconsideration of Florida Power Corporation and Florida Municipal Power Agency on behalf of Tampa Electric Company and Florida Power & Light Company.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



Lee L. Willis

LLW/bjd
Enclosures

cc: All Parties of Record (w/encl.)

DOCUMENT NUMBER DATE

10280 SEP 25 02

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of GridFlorida Regional)
Transmission Organization (RTO) Proposal)
_____)

DOCKET NO. 020233-EI
FILED: September 25, 2002

**RESPONSE TO MOTIONS FOR RECONSIDERATION
FILED BY FLORIDA POWER CORPORATION AND
FLORIDA MUNICIPAL POWER AGENCY**

Florida Power and Light Company (“FPL”) and Tampa Electric Company (“Tampa Electric”) (hereinafter collectively referred to as “the Companies”) file this its Response to the separate Motions for Reconsideration filed on September 18, 2002 by Florida Power Corporation (“FPC”) and Florida Municipal Power Agency (“FMPA”) and say:

1. Order No. PSC-02-1199-PAA-EI (“Order 02-1109”) approved, as final agency action, the demarcation date for defining new facilities as January 1 of the year GridFlorida begins commercial operations. (new facilities date)

2. In addition, Order 02-1109 by proposed agency action (“PAA”) rejected the Applicant’s proposed demarcation date for determining new contracts. (new contract date) This latter date is also sometimes referred to as the Attachment T cut off date. By separate pleading, the Companies have filed a protest and request for formal hearing with respect to the new contract date.

3. In order to have a complete hearing on the merits of the appropriate demarcation dates, it may be appropriate to set both the new facilities and the new contract dates for hearing. However, the Companies firmly maintain that the Commission should approve both demarcation

dates as proposed by the Applicants in its compliance filing: i.e., January 1 of the year GridFlorida begins commercial operation.

4. The Commission in Order 02-1109 reasonably determined that the Applicant's proposal to change the new facilities demarcation date should be granted. The Commission's approval of the revised new facilities date is sound on the merits in that it ameliorates the impact of cost shifts among retail customers and, therefore, should not be reconsidered.

5. The date GridFlorida will become operational is not now known. It is, however, a certainty that the originally projected date of operations (December 2001) was not met. It is also possible if not likely there will be further delay in the start-up date of GridFlorida. Maintaining the proximity of the new facilities date with the GridFlorida Startup date limits the amount of transmission-related expense that will ultimately be socialized and shifted among the various retail ratepayer groups. Specifically, a significant part of the GridFlorida transmission rate proposal designed to limit cost shifts was the proposal to phase in the costs of existing facilities of transmission dependent utilities ("TDUs") over five years. TDUs' "new facilities," on the other hand, will be rolled-in to system-wide rates immediately. If the cut-off date for distinguishing new facilities from existing facilities is maintained as December 2000, the five year phase-in that was an essential component of the GridFlorida rate structure will be significantly limited. For example, if GridFlorida did not become operational until December 2004, it would mean that all facilities constructed between December 2000 and December 2003 would be new facilities subject to immediate recovery through system-wide rates. The benefit of the five year phase-in mechanism would be lost.

6. It is likewise important that the new contract date be set at January 1 of the year GridFlorida begins operation. As explained more fully in the Companies' Protest, a failure to

reset the new contract date as proposed by Applicants will adversely affect FPL, Tampa Electric and their respective customers by diminishing the revenue that would be available to offset incremental transmission costs contemplated by the formation and operation of the GridFlorida ISO.

The separation of the new contract date from the date of commercial operations can trap transmission investment costs leaving these costs to be recovered by the retail customers of the public utility.

7. FMPA's Motion for Reconsideration should also be denied. FMPA essentially contends the Commission did not know what it was doing in approving the new facilities date.

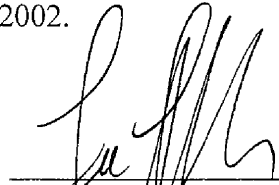
8. As noted above, the date of operation of GridFlorida has been postponed well beyond the originally proposed date. The Applicants reasonably proposed that both the new facilities and new contract dates should be on January 1 of the year GridFlorida begins commercial operations. That proposal should be approved.

WHEREFORE, the Companies urge that the Commission deny the Motions for Reconsideration filed by FPC and FMPA to the extent such motions seek to reverse this Commission's approval of the new facilities date as proposed in the Applicant's compliance filing. However, in order to have a complete hearing on the merits of the appropriate demarcation dates, it may be appropriate to set both the new facilities date and the new contract dates for hearing and to thereafter approve both dates as proposed by the Applicants in its compliance filing: i.e, January 1 of the year GridFlorida begins commercial operations.

DATED this 25th day of September 2002.

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I HEREBY CERTIFY that a true copy of the foregoing has been furnished by Electronic Mail(*), Overnight Delivery or Fax on this 25th day of September 2002 to the following:

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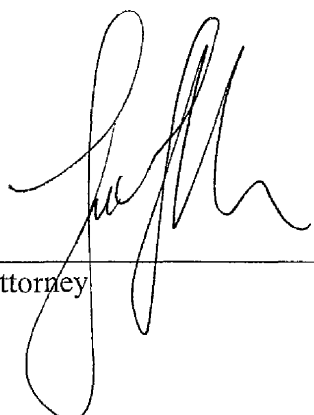
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